

# HOW THE GOP TAX AND RECONCILIATION BILLS WOULD BE HARMFUL TO AMERICAN FAMILIES

The House passed its spending reconciliation bill (H.R. 2015) on Wednesday, June 25. The Senate also passed its spending reconciliation bill (S. 947) on Wednesday, June 25. The House is expected to pass its tax reconciliation bill (H.R. 2014) on Thursday afternoon, June 26. It is anticipated that the Senate will pass its tax reconciliation bill (S. 949) on Friday, June 27.

When the Congress returns from its Fourth of July District Work Period on July 8, it is anticipated that the House and Senate reconciliation bills will then be sent to a conference committee. The final GOP reconciliation conference report will then reflect provisions from both the House and Senate bills.

The following provides a summary of some of the provisions in the House bills, as well as some of the provisions in the Senate bills, that would have an adverse impact on American families — since any of these provisions may end up in the final conference report that Members of Congress will be asked to vote upon.

This analysis includes specific points on how the Republican reconciliation bills would be harmful to:

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## ***How the GOP Bills Would Be Harmful to Seniors***

### **Imposing Means-Testing in the Medicare Program for the First Time in Its 32-Year History**

The Senate GOP reconciliation bill (S. 947) contains provisions that would impose means-testing in the Medicare program for the first time in its 32-year history — by providing for Medicare monthly premiums to rise with income for all individuals with incomes of \$50,000 or more and all couples with incomes of \$75,000 or more.

Under current law, all seniors pay the same monthly Medicare Part B premium of \$43.80 a month. Under the GOP bill, the monthly Medicare premium would rise steeply for those middle-income and upper-income seniors affected — with those individuals with incomes of \$100,000 or more and couples with incomes of \$125,000 or more paying a monthly premium about four times the current premium (or about \$175 a month).

Medicare was established in 1965 as a social insurance program. Under the principles of this social insurance program, everyone pays into the system (both by paying payroll taxes while they are working and paying premiums once they retire) and everyone gets the same benefits.

The concern has always been that means-testing of Medicare could lead to Medicare no longer being a universal program — a program covering virtually all Americans over 65 years old — a key ingredient of its success.

Following is an explanation of how means-testing could lead to the unraveling of the Medicare system. Medicare Part B — the program covering physician and other outpatient services and funded partially through the monthly premiums that are means-tested under the GOP bill — is voluntary. Although Medicare Part B is voluntary, virtually all senior citizens currently choose to join Medicare Part B. However, under the GOP bill, many affluent seniors may very well decide that they do not want to participate in a program with annual premiums of \$2,100 that only covers doctors' services. Affluent seniors deciding to leave Medicare Part B may very well lead to wealthy Americans questioning their participation in Medicare Part A as well — covering hospital services and funded by the payroll tax — and lead them to seek avoiding paying the payroll tax in the future. In sum, the universal quality of Medicare would be lost.

Indeed, it is believed by many advocates of Medicare that any provisions added for means-testing the Medicare program would eventually lead to it becoming a welfare program — only for the non-affluent members of society.

The Administration has raised “significant concerns” with these means-testing provisions — pointing out that these provisions are outside the scope of the bipartisan budget agreement and suggesting that such controversial, fundamental Medicare changes as means-testing would better be dealt with in the bipartisan process to be created to deal

with the long-term solvency issues of Medicare — when the baby-boom generation begins to retire.

### **Raising the Eligibility Age for Medicare from 65 to 67**

The Senate GOP reconciliation bill (S. 947) also contains provisions that would raise the eligibility age for Medicare from 65 to 67, starting in 2003 and ending in 2027.

This proposal would leave large numbers of older, hard-to-insure Americans, particularly those forced to take early retirement, with no health insurance.

Indeed, according to a study by the Commonwealth Fund, raising the eligibility age for Medicare from 65 to 67 would create hundreds of thousands of uninsured seniors — seniors with no access to affordable health insurance.

Only about 16 percent of men and 8 percent of women continue to work in full-time or part-time jobs after age 65. Eliminating Medicare eligibility for these 65-year-olds and 66-year-olds will create considerable hardship for a large portion of this population.

### **Imposing a \$5-a-Visit Copayment for Home Health Care**

The Senate GOP reconciliation bill (S. 947) also, for the first time, imposes a \$5-a-visit copayment for home health care under the Medicare program. Currently, there is no copayment for these visits. This new copayment would place an unfair burden on many frail elderly with limited incomes.

Home health care is a critically important service provided under the Medicare program. Most seniors — at one time or another — will use the Medicare home health care benefit, at least for a few days. In addition, the Medicare home health care benefit is most important to some of the most vulnerable, frail elderly — those who are chronically ill.

A typical Medicare homecare patient is female and 75 years of age or older, with a median income of \$8,365. The copayment alone would place an additional burden of up to \$760 a year on this chronically-ill woman. This woman is already spending up to 30% of her meager income on her health care expenses — and an additional \$760 is beyond what she can afford.

Furthermore, by charging a copayment per health care visit, the GOP proposal penalizes the elderly who are the most ill — those elderly needing the most health care visits per year.

## **Cutting SSI Payments for 2.7 Million SSI Recipients, Many of Whom Are Elderly**

Finally, the House GOP reconciliation bill (H.R. 2015) also contains a provision that would be harmful to many elderly. This provision repeals the current states' maintenance-of-effort requirement in the SSI program.

In the 1970s, when the federal SSI program was created to provide income support to poor elderly, blind, and disabled Americans, some states already provided certain benefits. In establishing the SSI program, Congress included a maintenance-of-effort requirement on the states — to ensure that the new federal benefits being provided went into the pockets of the elderly, blind, and disabled and not into State Treasuries. Under this maintenance of effort requirement, many states provide a state supplement in the individual's SSI check — to help elderly, blind and disabled Americans avoid poverty.

Now Republicans want to repeal this maintenance of effort requirement on the states — allowing states to eliminate or cut back on their supplemental programs — reducing income support for many of the most vulnerable members of our society.

As a result of this GOP provision, about 2.7 million SSI recipients nationwide — many of whom are elderly — would receive smaller SSI payments.

Furthermore, about 350,000 SSI recipients nationwide — many of whom are elderly — receive only state supplements under the SSI program (because their Social Security check is virtually the same size as the federal SSI benefit and, under law, federal SSI benefits are offset by any Social Security benefits received). For these 350,000 SSI recipients, losing the state supplement under this GOP proposal means losing their entire SSI benefit and therefore their Medicaid eligibility.

## ***How the GOP Bills Would Be Harmful to College Students***

### **Cutting HOPE Scholarship in Half for Community College Students**

President Clinton had requested from Congress a HOPE Scholarship program that would provide college students in their first two years of college a tax credit covering 100% of tuition costs up to a ceiling of \$1500 a year.

The House GOP tax bill (H.R. 2014) penalizes students attending low-priced community colleges by drastically scaling back the HOPE Scholarship program. For the first two years of college, the GOP bill only provides a 50% HOPE tax credit, covering only half of tuition costs up to a ceiling of \$3,000. For example, under the GOP bill, a community college student with a tuition of \$1,100 would receive a tax credit of only \$550, and would still have to pay \$550.

In sharp contrast, the House Democratic tax alternative provides a 100% HOPE tax credit, covering all tuition costs up to a ceiling of \$1,100 in 1997 — going up to \$1,500 in 2001. For example, under the Democratic alternative, a community college student with a tuition of \$1,100 would have the full cost of college paid for.

The GOP bill fails to advance President Clinton's goal of making the first two years of college universally available. Under the GOP bill, a student attending an expensive private school with a tuition of \$12,000 would receive a full HOPE Scholarship of \$1,500 (50% credit for tuition up to \$3,000) — whereas a student attending a low-priced community college with a tuition of \$1,200 would be shortchanged — receiving a HOPE Scholarship of only \$600.

### **Generally Providing No Tax Relief for Students in Their Third and Fourth Year of College**

The House GOP tax bill (H.R. 2014) provides no tax relief for students in their third and fourth years of college — except for an extremely limited group of students.

By contrast, the House Democratic tax alternative provides a 20% HOPE tax credit to students in their third and fourth years of college — covering 20% of tuition costs up to a ceiling of \$4,000 in 1997, going up to a ceiling of \$10,000 in 2002. Under the Democratic alternative, in 2002, a student in a college with a tuition of \$12,000 would receive a tax credit of \$2,000. Under the Republican bill, this student would receive no tax credit.

The GOP tax bill only provides tax relief in the third and fourth years of college to a very small group of students — those in families who have been able to afford to establish “educational investment accounts” and those who participate in prepaid tuition programs.

### **Ending Tax Exclusion for Employer-Provided Educational Assistance in Six Months**

The House GOP tax bill (H.R. 2014) also harms college students by ending the tax exclusion for employer-provided educational assistance on December 31, 1997.

Under the GOP bill, beginning on January 1, 1998, college students will have to pay income taxes on the value of any employer-provided educational assistance they receive.

## ***How the GOP Bills Would Be Harmful to Graduate Students***

### **Generally Providing No Tax Relief for Students in Graduate School**

The House GOP tax bill (H.R. 2014) provides no tax relief for students in graduate school — except for an extremely limited group of students.

By contrast, the House Democratic tax alternative provides a 20% HOPE tax credit to students in graduate school — covering 20% of tuition costs up to a ceiling of \$4,000 in 1997, going up to a ceiling of \$10,000 in 2002. Under the Democratic alternative, in 2002, a student in graduate school with a tuition of \$12,000 would receive a tax credit of \$2,000. Under the Republican bill, this student would receive no tax credit.

The GOP tax bill only provides tax relief in graduate school to a very small group of students — those who participate in prepaid tuition programs that can be used for graduate education.

### **Repealing Tax Exclusion for the Tuition Waivers of Graduate Teaching and Research Assistants**

The House GOP tax bill (H.R. 2014) is also harmful to graduate students by repealing provisions in current law that allow universities to waive the tuition of graduate teaching and research assistants in return for the services provided by the student and that then exclude the student's tuition waiver from income tax.

These provisions are widely used by universities to make graduate school affordable to students, to recruit highly-qualified graduate students, and to lower labor costs, thus keeping tuition lower. Under the GOP bill, graduate teaching and research assistants would now have to pay income tax on the value of their tuition waivers.

In strongly opposing these punitive GOP provisions, the National Association of Graduate-Professional Students, Inc., points out:

***"Eliminating the exclusion from tax of these tuition waivers would have a catastrophic effect on students, as well as the entire educational system...In some cases, students receive a \$10,000 stipend per year [in income] for serving as a teaching assistant. Tuition waivers can have a value of up to \$20,000... [The GOP provisions] would force the student to pay taxes on \$30,000 in 'income,' despite the fact that the student would only have \$10,000 in 'cash income' from which to pay the tax."***



### **Not Providing Tax Exclusion for Employer-Provided Educational Assistance for Graduate Education**

Finally, under the House GOP tax bill (H.R. 2014), students who are receiving employer-provided educational assistance for graduate work would no longer receive any tax exclusion for this assistance — thereby requiring them to pay taxes on the value of this assistance from now on.

In sharp contrast, the Democratic alternative contains two key provisions: 1) it reinstates the exclusion of employer-provided educational assistance for graduate education, which expires on June 30, 1997; and 2) it makes the exclusion of employer-provided educational assistance for both undergraduate and graduate education permanent. The GOP bill fails to contain either of these two provisions.

### ***How the GOP Bills Would Be Harmful to Working Families***

#### **Denying Some or All of the \$500-Per-Child Tax Credit to the 15 Million Working, Taxpaying Families with Children Who Receive the EITC**

Under the House GOP tax bill (H.R. 2014), 15 million working, taxpaying families would lose some or all of the \$500-per-child tax credit because they receive some benefit from the Earned Income Tax Credit. The GOP bill thereby penalizes families receiving the benefit of the Earned Income Tax Credit.

Specifically, the GOP bill provides that the \$500-per-child tax credit be figured only after the Earned Income Tax Credit (EITC) is taken against a family's tax bill.

By contrast, the House Democratic tax alternative ensures that all of these families in the \$20,000 to \$29,000 income range receive their full \$500-per-child tax credit by stipulating that the child tax credit be figured before the EITC is calculated.

The reason that this GOP provision has such an impact on denying some or all of the \$500-per-child tax credit to so many families is that millions of families in the \$20,000 to \$29,000 income range earn enough money to owe income tax before the EITC is calculated — but have little or no income tax obligation remaining after the EITC is calculated.

If the per-child credit is figured before the EITC is calculated, these families qualify for the per-child credit. If the per-child credit is figured after a family's EITC is taken, these families will no longer have an income tax liability and will consequently be ineligible for the per-child credit.



For example, a family of four with an income of \$24,000 with two children pays significant federal taxes but receives no child tax credit under the GOP bill. By contrast, this same family would receive a \$1,000 child credit under the Democratic tax alternative.

Following is a profile of one such family making \$24,000 a year. This family of four earning \$24,000 (2 parents, 2 children) owes a total of \$2,811 in federal taxes — including \$1,836 in federal payroll taxes and \$975 in federal income taxes. This family then qualifies for an Earned Income Tax Credit of \$1,114.

After the EITC is calculated, the family then pays a net total of \$1,697 in federal taxes (their original tax liability minus the EITC).

However, under the GOP bill, despite the fact that this family has paid a total of \$1,697 in federal taxes, this family will not receive the child tax credit.

This damaging GOP provision — penalizing families receiving EITC — was added to the GOP tax bill just this year. Under previous Republican Congressional tax bills, including the GOP tax bill the Congress passed in 1995 and the tax bill Senate Majority Leader Lott introduced in January 1997 (S. 2), the child tax credit was figured before the EITC is figured. By adding this provision, House Republicans are taking a step backward — denying the child tax credit to millions of hard-working American families.

### **Cutting \$500-Per-Child Tax Credit to Up to Two Million Families Who Have Child Care Expenses**

The House GOP tax bill (H.R. 2014) is also harmful to working families by cutting the \$500-per-child tax credit for up to two million families with child care expenses — the up to two million working families with incomes over \$60,000 who use the child care credit.

Specifically, the GOP bill contains a provision that reduces a family's \$500-per-child tax credit by 50 cents for each dollar the family takes in the child care tax credit, beginning in 2002, for all families making more than \$60,000 a year.

Although the final version of the GOP bill exempts families with combined incomes of less than \$60,000 from these provisions, the GOP bill still penalizes many middle-class families that are struggling to make ends meet.

Under current law, families can take a tax credit for certain child care expenses. Specifically, families can deduct from 20 percent to 30 percent of their child care expenses (up to a certain ceiling) each year, depending on their income.

At the present time, 70 percent of mothers are in the workforce — trying to help their families pay the monthly bills. These working families are required to incur child care expenses.



For example, under the GOP bill, a two-earner family with the husband making \$35,000 a year and the wife making \$25,100 a year who pay for child care for their two children would lose \$480 of the \$1000 child tax credit they should have received.

The GOP bill takes the outrageous step of actually penalizing working women for joining the workforce in order to help their families and taking a tax credit for their necessary child care expenses, if their family income falls even one dollar above \$60,000.

### **Penalizing More Than Two Million Working Families By Throwing Them into the Alternative Minimum Tax, Simply for Claiming the Child and/or HOPE Credits**

The House GOP tax bill (H.R. 2014) is also harmful to working families by penalizing more than two million working families by throwing them into the Alternative Minimum Tax, simply by claiming the new \$500-per-child and/or HOPE credits. The result of being thrown into the Alternative Minimum Tax is that a family loses much of the value of the credits it claims.

The Alternative Minimum Tax (AMT) was designed to ensure that high-income taxpayers could not reduce their income taxes to unreasonably low levels or escape income taxes altogether through the extensive use of tax preferences.

Under current law, middle-class families have generally not been affected by the Alternative Minimum Tax because they have not had enough tax credits and other preferences available to them to be thrown into the AMT. However, the GOP bill changes this by providing middle-class families — particularly families with two or more children — significant new tax credits that can dramatically lower their tax liability. Without special provisions, these new credits can now throw millions of middle-class families into the AMT for the first time.

Under the GOP bill, the more children a family has and the extent to which the family claims the child care tax credit, the more likely they are to be thrown into the AMT.

To ensure that middle-class families will not be thrown into the AMT by claiming the child tax credit and/or the HOPE credit, the House Democratic alternative tax bill contains explicit provisions providing that the new per-child tax credit and new HOPE credit will not be treated as tax preferences under the AMT — thereby guaranteeing families the full credits they deserve under the law. The GOP bill should have contained similar provisions.

Under the GOP bill, in 2002, two million families would be thrown into the Alternative Minimum Tax because of the child credit alone — thereby ensuring that they lose part of the child credit. When families thrown into the Alternative Minimum Tax because of the HOPE credit are added in, the number of families thrown into the AMT by the provisions of the GOP bill rise significantly above two million.



## **Providing that Millions of Employees Can Lose Their Worker Protections By Being Classified as Independent Contractors**

The House GOP tax bill (H.R. 2014) is also harmful to working families by allowing employers to classify millions of their workers as “independent contractors.”

Under the current tax code, there are strict guidelines on what individuals can be classified as “independent contractors.” These guidelines are strict in order to protect American workers and their benefits under state and federal laws. The GOP bill amends the tax code to break down these strict guidelines and provides employers enormous discretion in which workers can be considered “employees” and which workers can be considered “independent contractors.”

Following is the reaction of Secretary of the Treasury Robert Rubin to this GOP provision, in a letter to Rep. Archer, Chairman of the Ways and Means Committee:

**“The provisions for independent contractor status would permit employers to avoid essential worker protections. At a time when we are trying to expand health and pension coverage, this proposal could lead to widespread shifting of employees to independent contractor status, resulting in loss of worker protections such as pension and health coverage, and consequently wage and hour protections, unemployment insurance benefits, and compensation for work-related injuries.”**

Following are some of the ways that allowing employers to classify their workers as “independent contractors” would be harmful to these workers and their families:

- Workers reclassified as independent contractors would lose access to unemployment insurance and workers’ compensation benefits and their Social Security and Medicare taxes would double.
- Workers would also lose pension and health benefits often provided to employees but not to independent contractors.
- Finally, many workers would lose the protection of federal and state employment laws that only cover employees, including laws addressing minimum wages and overtime, family and medical leave, civil rights, and the right to organize unions.

## **Limiting the Ability of Working Families to be Compensated for Medical Injury**

Finally, the House GOP reconciliation bill (H.R. 2015) also contains provisions that are harmful to working families by limiting the ability of working families to be compensated for medical injury. Specifically, the bill contains a provision imposing a cap of \$250,000 on non-economic damages in medical malpractice cases.

It is the strongly-held concern of many that now is not the time to be weakening medical malpractice laws. In the world of managed care, physician practice has been completely reversed: now, physicians can make money by not ordering tests, not referring patients to specialists, and not doing surgery. Examples of the malpractice of undertreatment are numerous. Government agencies are unprepared to protect consumers in this new world of medicine and eroding malpractice laws will only lead to more instances of medical injury.

In sum, many are convinced that, until we find better ways of making health care providers more quality conscious, the threat of a malpractice case can help deter careless and callous errors by medical professionals.

### ***How the GOP Bills Would Be Harmful to Family Farms and Family-Owned Businesses By Denying Immediate Estate Tax Relief***

The House GOP tax bill (H.R. 2014) fails to provide immediate estate tax relief to thousands of family farms and family-owned businesses.

Currently, the first \$600,000 of the estate of family farms and family-owned businesses is excluded from the federal estate tax. This exemption has been frozen at \$600,000 for the last 16 years — ever since 1981.

The Democratic tax alternative provides family farms and family-owned businesses with immediate estate tax relief — increasing the exemption from the federal estate tax from \$600,000 to \$1 million, effective on January 1, 1998. This will prevent thousands of estates of family farms and family-owned businesses from having to pay any federal estate taxes in future years.

By contrast, the GOP tax bill shortchanges family farms and family-owned businesses by only giving them only very gradual, limited estate tax relief — raising the exemption only very gradually over the next ten years. Under the GOP bill, the exemption rises by only \$40,000-a-year over the next ten years until it reaches \$1 million in the year 2007.

### ***How the GOP Bills Would Be Harmful to Uninsured Children***

The House GOP reconciliation bill (H.R. 2015) contains provisions which do not help uninsured children because it fails to live up to the commitments in the budget agreement to insure up to 5 million additional children.

The bipartisan budget agreement had explicitly stated: “Spend \$16 billion over five years to provide up to 5 million additional children with health insurance coverage by 2002.”

The Administration and Congressional Democrats argue that the way the House GOP has drafted its child health provisions there is no guarantee that a meaningful number of additional children will be covered by health insurance by the \$16 billion being provided to the states.

The House GOP bill provides the states the \$16 billion in additional funding with no real restrictions on how this money is to be used. Following is what the Administration has said about the House GOP provisions:

***“We believe that the \$16 billion investment in children’s health should be used for health insurance coverage. It is for this reason that the Administration does not support [the provisions in the GOP bill]. We are concerned that a state could spend all of its money on one benefit or to offset the effects of the Disproportionate Share Hospital (DSH) cuts on certain hospitals, and children would not necessarily get meaningful coverage.”***

Indeed, according to the Congressional Budget Office (CBO), the child health care provisions in the House GOP bill would provide insurance for only about half a million children — far short of the 5 million children called for under the bipartisan budget agreement.

Following are excerpts from the Associated Press story on this CBO report:

***“While the agreement to balance the budget aims to cover 5 million uninsured children, just half a million would be covered by a House plan, congressional auditors say. ... The bipartisan budget agreement would set aside \$16 billion for children’s health... The House would give states wide latitude in spending the money... CBO assumes that under the House plan, much of the money would be passed on to hospitals and other providers, not used to buy insurance. Furthermore, the CBO estimated that some of the money would simply replace current spending for hospitals, state health programs and administration.***

***“Rep. Billy Tauzin, R-La., who backs the few-string approach, said Monday that many uninsured children get care from hospitals anyway, so it makes sense to give them [hospitals] some of the money...[However,] opponents argue children will not receive the kind of health care they need without insurance. ‘Children rather than governors should be helped here, said Marion Wright Edelman, president of the Children’s Defense Fund. ‘This money should not be hijacked into a flexible slush fund.’”*** (Associated Press, 6/24/97)

In sum, the House GOP bill fails to help uninsured children by failing to provide any real guarantees that a meaningful number of uninsured children will obtain health insurance

coverage under this bill.

### ***How the GOP Bills Would Be Harmful to Legal Immigrants***

The House GOP reconciliation bill (H.R. 2015) would be harmful to legal immigrants by directly violating the bipartisan budget agreement — containing provisions that deny SSI benefits to thousands of disabled legal immigrants who should be covered under the budget agreement.

The bipartisan budget agreement explicitly states: “Restore Supplemental Security Income and Medicaid eligibility for all disabled legal immigrants who are or become disabled and who entered the United States prior to August 23, 1996.”

In other words, the bipartisan budget agreement would have protected the most vulnerable individuals by providing a safety net for all immigrants in the country when the welfare law was signed who have suffered — or may suffer in the future — a disabling accident or illness.

However, the GOP bill directly violates that agreement by restoring benefits only for those who were actually receiving benefits on August 22, 1996 — not for those who were in the United States then and later become disabled.

For example, a now healthy 65-year-old who was in the United States last August and later develops Alzheimers would have received benefits under the bipartisan budget agreement — but will not receive benefits under the GOP bill. This is a betrayal of the most needy among elderly legal immigrants.

The story of the Republicans backing off the commitments they made in the bipartisan budget agreement was reported in the New York Times on June 5, 1997 in an article entitled **“GOP Backing Off A Deal to Restore Aid to Immigrants”**:

***“House Republicans today backed away from their commitment to restore federal aid for certain legal immigrants, prompting the Clinton Administration to complain that the Republicans were violating the bipartisan budget agreement reached just five weeks ago... The Republicans are playing with political fire in restricting benefits for legal immigrants. Their proposals have proved unpopular in parts of Florida, Texas, and other states with many immigrants.”***

According to the Social Security Administration, the GOP bill would have the effect of protecting 125,000 fewer legal immigrants than the bipartisan budget agreement by the year 2007.





## ***How the GOP Bills Would Be Harmful to Workfare Workers***

The House GOP reconciliation bill (H.R. 2015) contains provisions that are extremely harmful to “workfare workers” — i.e., workers being put back to work under the newly-enacted welfare reform bill.

In essence, the House GOP bill declares workfare workers to be **second-class citizens — no better than “sweatshop” workers** -- by providing that they be subject to a different, weaker set of worker protections than other workers.

Under the GOP bill, workfare workers get:

- **No Clear Protection From Sexual Harassment** — Under the GOP bill, women subject to sexual harassment in a workfare slot could be required to seek redress from the very agency that employed them. The GOP provisions contain no appeal rights and no court redress.
- **No Clear Protection from Employment Discrimination** — The GOP provisions fail to provide workfare workers coverage under various federal employment-based civil rights laws, such as Title VII, the Equal Pay Act, and the Age Discrimination in Employment Act.
- **No Guarantee of Equal Benefits and Working Conditions** — The GOP provisions provide no requirement that workfare workers get the same benefits and working conditions as others working a similar length of time and doing the same type of work.
- **No Clear Health and Safety Protections** — The GOP provisions fail to provide OSHA enforcement protections to workfare workers, thus jeopardizing their health and safety.
- **Inadequate Grievance Procedures and Remedies** — Finally, the GOP provisions provide only a vague grievance procedure when violations of a workfare worker’s rights are alleged and no clear remedies when violations are acknowledged.

## ***How the GOP Bills Would Be Harmful to Hospitals***

The House GOP reconciliation bill (H.R. 2015) contains provisions regarding savings in Disproportionate Share Hospitals payments under Medicaid that would unfairly penalize many “safety net” hospitals.

The problem is that the GOP provisions go out of their way to ensure that the states with the highest Disproportionate Share Hospital (DSH) spending have to bear most of the impact of the bill’s cuts in Medicaid payments.

The way Republicans have reduced Disproportionate Share Hospital (DSH) spending may create serious financial problems for dozens of “safety net” hospitals in many states — potentially causing many “safety net” hospitals to close their doors.

In the competition for reduced Disproportionate Share Hospital (DSH) funding, childrens’ hospitals and county hospitals that serve large numbers of Medicaid and uninsured patients may be at a serious disadvantage vis-a-vis such hospitals as university hospitals and mental hospitals. The GOP bill does not contain any protections for children’s or county hospitals that are currently receiving Medicaid DSH funding and are serving large numbers of uninsured patients.

In some instances, the Republican Medicaid bill has been written in such a way as to penalize most the hospitals — including childrens’ hospitals — that have been doing the most for uninsured populations over the last 25 years.

As a result of the GOP provisions, many children’s and county hospitals across the country may have to cut back their services or close their doors completely.

## ***How the GOP Bills Would Be Harmful to Health Insurance Consumers***

Finally, the House GOP reconciliation bill (H.R. 2015) contains provisions that endanger consumers by exempting “multiple employer” health plans from state regulation.

These provisions are ostensibly intended to allow small employers to save money by purchasing health insurance through “multiple employer” health plans.

However, these provisions exempt “multiple employer” health plans from state laws that set guidelines for consumer protections and minimum benefits. Specifically, these health plans would be exempted from state quality standards, solvency standards, and other consumer protections such as benefit design laws. (Under the bill, these plans instead would be regulated under ERISA, which currently has only weak protections.)

By exempting these plans from state regulation, the bill, in effect, repeals 50 years of state

health insurance experience in regulating the small group health insurance market. All of the protections that states have developed over the years would be wiped out for this category of health plan.

Following is what the National Governors Association, National Council of State Legislatures, and National Association of Insurance Commissioners have stated about these damaging GOP provisions:

***“...would preempt the positive efforts that state governors, legislators, and regulators have made to protect consumers and make health insurance more affordable...”***

***“...does not protect against fraud and abuse that have made multiple employer welfare arrangements notorious...”***

***“...undermines state health reform efforts by further fragmenting the health insurance marketplace...”***

In sum, the impact of these GOP provisions would be to create a substandard type of health care plan — leaving consumers unprotected.